

CASE UNSEALED PER ORDER OF COURT

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CLERK OF DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

~~SEALED~~

DEPUTY

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

June 2011 Grand Jury

UNITED STATES OF AMERICA,

Plaintiff,

v.

BLAINE POLLOCK,

Defendant.

Case No.

12 CR 4599 MMA

I N D I C T M E N T

Title 26, U.S.C., Sec. 7206(1) -
Filing False Tax Returns; Title 18,
U.S.C., Sec. 2 - Aiding and
Abetting; Title 26, U.S.C.,
Sec. 7206(2) - Aiding and
Assisting in the Filing of False
Tax Returns

The grand jury charges:

Count 1

(False Statement on Individual Tax Return)

In or about April 2007, within the Southern District of California, defendant BLAINE POLLOCK did willfully make and subscribe to a false and fraudulent U.S. Individual Income Tax Return, Form 1040 for the year 2006, which contained and was verified by a written declaration that it was made under penalties of perjury and was filed with the Internal Revenue Service, and which return defendant BLAINE POLLOCK did not believe to be true and correct as to every material matter in that: (a) the return reported total income on line 22 of \$82,765, whereas, defendant BLAINE POLLOCK knew and believed that his correct taxable income was in excess of the amount reported on the tax

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1 return; and (b) the return reported on Schedule B, Part III, line 7a
2 that defendant BLAINE POLLOCK did not have an interest in or a
3 signature or other authority over a financial account in a foreign
4 country at any time during 2006, whereas, defendant BLAINE POLLOCK
5 knew and believed this statement to be false.

6 All in violation of Title 26, United States Code, Section 7206(1); and
7 Title 18, United States Code, Section 2.

8 Count 2

9 (False Statement on Individual Tax Return)

10 On or about April 14, 2008, within the Southern District of
11 California, defendant BLAINE POLLOCK did willfully make and subscribe
12 to a false and fraudulent U.S. Individual Income Tax Return, Form 1040
13 for the year 2007, which contained and was verified by a written
14 declaration that it was made under penalties of perjury and was filed
15 with the Internal Revenue Service, and which return defendant BLAINE
16 POLLOCK did not believe to be true and correct as to every material
17 matter in that: (a) the return reported total income on line 22 of
18 \$99,520, whereas, defendant BLAINE POLLOCK knew and believed that his
19 correct taxable income was in excess of the amount reported on the tax
20 return; and (b) the return reported on Schedule B, Part III, line 7a
21 that defendant BLAINE POLLOCK did not have an interest in or a
22 signature or other authority over a financial account in a foreign
23 country at any time during 2007, whereas, defendant BLAINE POLLOCK
24 knew and believed this statement to be false.

25 All in violation of Title 26, United States Code, Section 7206(1); and
26 Title 18, United States Code, Section 2.

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Count 3

(False Statement on Individual Tax Return)

On or about April 14, 2009, within the Southern District of California, defendant BLAINE POLLOCK did willfully make and subscribe to a false and fraudulent U.S. Individual Income Tax Return, Form 1040 for the year 2008, which contained and was verified by a written declaration that it was made under penalties of perjury and was filed with the Internal Revenue Service, and which return defendant BLAINE POLLOCK did not believe to be true and correct as to every material matter in that: (a) the return reported total income on line 22 of \$181,408, whereas, defendant BLAINE POLLOCK knew and believed that his correct taxable income was in excess of the amount reported on the tax return; and (b) the return reported on Schedule B, Part III, line 7a that defendant BLAINE POLLOCK did not have an interest in or a signature or other authority over a financial account in a foreign country at any time during 2008, whereas, defendant BLAINE POLLOCK knew and believed this statement to be false.

All in violation of Title 26, United States Code, Section 7206(1); and Title 18, United States Code, Section 2.

Count 4

(False Statement on Individual Tax Return)

On or about February 24, 2010, within the Southern District of California, defendant BLAINE POLLOCK did willfully make and subscribe to a false and fraudulent U.S. Individual Income Tax Return, Form 1040 for the year 2009, which contained and was verified by a written declaration that it was made under penalties of perjury and was filed with the Internal Revenue Service, and which return defendant BLAINE POLLOCK did not believe to be true and correct as to every material

1 matter in that the return reported total income on line 22 of
2 \$421,650, whereas, defendant BLAINE POLLOCK knew and believed that his
3 correct taxable income was in excess of the amount reported on the tax
4 return.

5 All in violation of Title 26, United States Code, Section 7206(1); and
6 Title 18, United States Code, Section 2.

7 Count 5

8 (Aiding and Assisting False Statement on TRPN Corporate Tax Return)

9 In or about 2007, within the Southern District of California,
10 defendant BLAINE POLLOCK did willfully aid and assist in, and procure,
11 counsel, and advise the preparation and presentation to the Internal
12 Revenue Service, of a U.S. Corporation Income Tax Return, Form 1120,
13 of Three Rivers Provider Network for the calendar year 2006. The
14 return and attached Line 26 itemized schedule were false and
15 fraudulent as to material matters, in that: (a) the return represented
16 that Three Rivers Provider Network was entitled under the provisions
17 of the Internal Revenue laws to claim other deductions on line 26 of
18 \$3,592,328, whereas, defendant BLAINE POLLOCK knew and believed that
19 this amount exceeded the deductions Three Rivers Provider Network was
20 entitled to claim on line 26 for the calendar year 2006; and (b) the
21 Line 26 itemized schedule represented that Three Rivers Provider
22 Network had incurred \$783,716 in deductible "technology fees,"
23 whereas, defendant BLAINE POLLOCK knew and believed that this amount
24 exceeded the actual technology fees incurred by Three Rivers Provider
25 Network for the calendar year 2006.

26 All in violation of Title 26, United States Code, Section 7206(2).

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Count 6

(Aiding and Assisting False Statement on TRPN Corporate Tax Return)

In or about 2008, within the Southern District of California, defendant BLAINE POLLOCK did willfully aid and assist in, and procure, counsel, and advise the preparation and presentation to the Internal Revenue Service, of a U.S. Corporation Income Tax Return, Form 1120, of Three Rivers Provider Network for the calendar year 2007. The return and attached Line 26 itemized schedule were false and fraudulent as to material matters, in that: (a) the return reported gross receipts or sales on line 1a of \$9,020,838, whereas, defendant BLAINE POLLOCK knew and believed that the correct gross receipts or sales was in excess of the amount reported on the tax return; (b) the return represented that Three Rivers Provider Network was entitled under the provisions of the Internal Revenue laws to claim other deductions on line 26 of \$5,569,997, whereas, defendant BLAINE POLLOCK knew and believed that this amount exceeded the deductions Three Rivers Provider Network was entitled to claim on line 26 for the calendar year 2007; and (c) the Line 26 itemized schedule represented that Three Rivers Provider Network had incurred \$1,316,235 in deductible "technology fees," whereas, defendant BLAINE POLLOCK knew and believed that this amount exceeded the actual technology fees incurred by Three Rivers Provider Network for the calendar year 2007. All in violation of Title 26, United States Code, Section 7206(2).

Count 7

(Aiding and Assisting False Statement on TRPN Corporate Tax Return)

In or about 2009, within the Southern District of California, defendant BLAINE POLLOCK did willfully aid and assist in, and procure, counsel, and advise the preparation and presentation to the Internal

1 Revenue Service, of a U.S. Corporation Income Tax Return, Form 1120,
2 of Three Rivers Provider Network for the calendar year 2008. The
3 return and attached Line 26 itemized schedule were false and
4 fraudulent as to material matters, in that: (a) the return reported
5 gross receipts or sales on line 1a of \$9,193,188, whereas, defendant
6 BLAINE POLLOCK knew and believed that the correct gross receipts or
7 sales was in excess of the amount reported on the tax return; (b) the
8 return represented that Three Rivers Provider Network was entitled
9 under the provisions of the Internal Revenue laws to claim other
10 deductions on line 26 of \$5,411,368, whereas, defendant BLAINE POLLOCK
11 knew and believed that this amount exceeded the deductions Three
12 Rivers Provider Network was entitled to claim on line 26 for the
13 calendar year 2008; and (c) the Line 26 itemized schedule represented
14 that Three Rivers Provider Network had incurred \$1,175,618 in
15 deductible "technology fees," whereas, defendant BLAINE POLLOCK knew
16 and believed that this amount exceeded the actual technology fees
17 incurred by Three Rivers Provider Network for the calendar year 2008.
18 All in violation of Title 26, United States Code, Section 7206(2).

19 Count 8

20 (Aiding and Assisting False Statement on TRPN Corporate Tax Return)

21 In or about 2010, within the Southern District of California,
22 defendant BLAINE POLLOCK did willfully aid and assist in, and procure,
23 counsel, and advise the preparation and presentation to the Internal
24 Revenue Service, of a U.S. Corporation Income Tax Return, Form 1120,
25 of Three Rivers Provider Network for the calendar year 2009. The
26 return and attached Line 26 itemized schedule were false and
27 fraudulent as to material matters, in that: (a) the return reported
28 gross receipts or sales on line 1a of \$12,104,120, whereas, defendant

1 BLAINE POLLOCK knew and believed that the correct gross receipts or
2 sales was in excess of the amount reported on the tax return; (b) the
3 return represented that Three Rivers Provider Network was entitled
4 under the provisions of the Internal Revenue laws to claim other
5 deductions on line 26 of \$7,077,138, whereas, defendant BLAINE POLLOCK
6 knew and believed that this amount exceeded the deductions Three
7 Rivers Provider Network was entitled to claim on line 26 for the
8 calendar year 2009; and (c) the Line 26 itemized schedule represented
9 that Three Rivers Provider Network had incurred \$1,260,851 in
10 deductible "technology fees," whereas, defendant BLAINE POLLOCK knew
11 and believed that this amount exceeded the actual technology fees
12 incurred by Three Rivers Provider Network for the calendar year 2009.
13 All in violation of Title 26, United States Code, Section 7206(2).

14 Count 9

15 (Aiding and Assisting False Statement on MCS Corporate Tax Return)

16 In or about 2007, within the Southern District of California,
17 defendant BLAINE POLLOCK did willfully aid and assist in, and procure,
18 counsel, and advise the preparation and presentation to the Internal
19 Revenue Service, of a U.S. Corporation Income Tax Return, Form 1120,
20 of Managed Care Strategies, Inc. for the calendar year 2006. The
21 return and attached Line 26 itemized schedule were false and
22 fraudulent as to material matters, in that: (a) the return represented
23 that Managed Care Strategies, Inc. was entitled under the provisions
24 of the Internal Revenue laws to claim other deductions on line 26 of
25 \$775,137, whereas, defendant BLAINE POLLOCK knew and believed that
26 this amount exceeded the deductions Managed Care Strategies, Inc. was
27 entitled to claim on line 26 for the calendar year 2006; and (b) the
28 Line 26 itemized schedule represented that Managed Care Strategies,

1 Inc. had incurred \$404,000 in deductible "technology fees," whereas,
2 defendant BLAINE POLLOCK knew and believed that this amount exceeded
3 the actual technology fees incurred by Managed Care Strategies, Inc.
4 for the calendar year 2006.

5 All in violation of Title 26, United States Code, Section 7206(2).

6 Count 10

7 (Aiding and Assisting False Statement on MCS Corporate Tax Return)

8 In or about 2008, within the Southern District of California,
9 defendant BLAINE POLLOCK did willfully aid and assist in, and procure,
10 counsel, and advise the preparation and presentation to the Internal
11 Revenue Service, of a U.S. Corporation Income Tax Return, Form 1120,
12 of Managed Care Strategies, Inc. for the calendar year 2007. The
13 return and attached Line 26 itemized schedule were false and
14 fraudulent as to material matters, in that: (a) the return represented
15 that Managed Care Strategies, Inc. was entitled under the provisions
16 of the Internal Revenue laws to claim other deductions on line 26 of
17 \$485,040, whereas, defendant BLAINE POLLOCK knew and believed that
18 this amount exceeded the deductions Managed Care Strategies, Inc. was
19 entitled to claim on line 26 for the calendar year 2007; and (b) the
20 Line 26 itemized schedule represented that Managed Care Strategies,
21 Inc. had incurred \$390,000 in deductible "technology fees," whereas,
22 defendant BLAINE POLLOCK knew and believed that this amount exceeded
23 the actual technology fees incurred by Managed Care Strategies, Inc.
24 for the calendar year 2007.

25 All in violation of Title 26, United States Code, Section 7206(2).

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Count 11

(Aiding and Assisting False Statement on MCS Corporate Tax Return)

In or about 2009, within the Southern District of California, defendant BLAINE POLLOCK did willfully aid and assist in, and procure, counsel, and advise the preparation and presentation to the Internal Revenue Service, of a U.S. Corporation Income Tax Return, Form 1120, of Managed Care Strategies, Inc. for the calendar year 2008. The return and attached Line 26 itemized schedule were false and fraudulent as to material matters, in that: (a) the return represented that Managed Care Strategies, Inc. was entitled under the provisions of the Internal Revenue laws to claim other deductions on line 26 of \$697,925, whereas, defendant BLAINE POLLOCK knew and believed that this amount exceeded the deductions Managed Care Strategies, Inc. was entitled to claim on line 26 for the calendar year 2008; and (b) the Line 26 itemized schedule represented that Managed Care Strategies, Inc. had incurred \$323,554 in deductible "technology fees," whereas, defendant BLAINE POLLOCK knew and believed that this amount exceeded the actual technology fees incurred by Managed Care Strategies, Inc. for the calendar year 2008.

All in violation of Title 26, United States Code, Section 7206(2).

Count 12

(Aiding and Assisting False Statement on MCS Corporate Tax Return)

In or about 2010, within the Southern District of California, defendant BLAINE POLLOCK did willfully aid and assist in, and procure, counsel, and advise the preparation and presentation to the Internal Revenue Service, of a U.S. Corporation Income Tax Return, Form 1120, of Managed Care Strategies, Inc. for the calendar year 2009. The return and attached Line 26 itemized schedule were false and

1 fraudulent as to material matters, in that: (a) the return represented
2 that Managed Care Strategies, Inc. was entitled under the provisions
3 of the Internal Revenue laws to claim other deductions on line 26 of
4 \$744,127, whereas, defendant BLAINE POLLOCK knew and believed that
5 this amount exceeded the deductions Managed Care Strategies, Inc. was
6 entitled to claim on line 26 for the calendar year 2009; and (b) the
7 Line 26 itemized schedule represented that Managed Care Strategies,
8 Inc. had incurred \$712,695 in deductible "technology fees," whereas,
9 defendant BLAINE POLLOCK knew and believed that this amount exceeded
10 the actual technology fees incurred by Managed Care Strategies, Inc.
11 for the calendar year 2009.


12 All in violation of Title 26, United States Code, Section 7206(2).

13 DATED: November 8, 2012.

14 A TRUE BILL:

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16 
17 Foreperson

18 LAURA E. DUFFY
19 United States Attorney

20 By: 
21 DAVID D. LESHNER
22 Assistant U.S. Attorney
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